

NYC MUNICIPAL WATER FINANCE AUTHORITY

MAY 19, 2020 TRANSCRIPT OF MEETINGS

GOOD AFTERNOON, EVERYONE. I'M OLGA CHERNAT, THE DELEGATE FOR BUDGET DIRECTOR MELANIE HARTZOG AND CHAIR OF THE FINANCE COMMITTEE OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY. BEFORE WE BEGIN TODAY'S MEETING, I'D LIKE TO ASK ALL PARTICIPANTS TO MUTE THEIR PHONES UNLESS THEY'RE SPEAKING TO PREVENT BACKGROUND NOISE FROM INTERRUPTING THIS MEETING. ALSO, BEFORE WE PROCEED WITH THE MEETING'S AGENDA, I WOULD LIKE EVERYONE TO WELCOME OUR NEWEST ALTERNATE DIRECTOR, SELVIN SOUTHWELL, WHO REPRESENTS THE COMMISSIONER OF THE NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION. I WILL NOW CONVENE THE COMMITTEE MEETING BY ASKING DEBORAH TO CALL THE ROLL FOR ATTENDANCE.

>> MELANIE HARTZOG.

>> OLGA CHERNAT FOR MELANIE HARTZOG.

>> BASIL SEGGOS. SELVIN.

>> NO, IT'S SCOTT.

>> MAX VON HOLLWIG.

>> HERE.

>> JACQUES JIHA.

>> ROBIN LEE FOR JACQUES JIHA.

>> VINCENT SAPIENZA.

>> JOE MURIN FOR VINCENT SAPIENZA.

>> MARC SHAW.

>> HERE.

>> THANK YOU. WE HAVE A QUORUM.

>> THANK YOU, DEBORAH. THE FIRST ITEM ON OUR AGENDA TODAY IS A RESOLUTION APPROVING THE MINUTES OF OUR LAST FINANCE COMMITTEE MEETING WHICH OCCURRED ON MARCH 20, 2020. THE MINUTES HAVE BEEN CIRCULATED FOR THE COMMITTEE'S REVIEW. ARE THERE ANY CHANGES OR CORRECTIONS? HEARING NONE, I WILL NOW CALL THE ROLL FOR VOTE. MR. SOUTHWELL, HOW DO YOU VOTE?

>> APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> IN FAVOR.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVE.

>> AND I, OLGA CHERNAT, ALSO VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE RESOLUTION APPROVING THE MINUTES IS HEREBY APPROVED. OUR NEXT ITEM ON THE AGENDA IS A RECOMMENDATION TO THE BOARD OF DIRECTORS THAT THEY APPROVE THE ISSUANCE OF FISCAL 2021 SERIES ONE BOND ANTICIPATION NOTES, WHICH WILL BE ISSUED TO NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION. THE TOTAL AUTHORIZED AMOUNT FOR THE BOND ANTICIPATION FOR SERIES ONE IS 510 MILLION. THE BOND WILL PROVIDE AN INTERIM FINANCING FOR A NUMBER OF CAPITAL PROJECTS OF THE SYSTEM THAT ARE ELIGIBLE FOR FUNDING THROUGH THE CLEAN WATER AND DRINKING WATER STATE REVOLVING FUNDS PROGRAMS, WHICH IS ADMINISTERED BY NEW YORK STATE EFC. WE EXPECT TO PAY OFF THESE NOTES WITH QUANTITIES OF ONE-TERM BONDS WITHIN ABOUT ONE YEAR FROM THE DATE OF ISSUANCE. AND WE ACTUALLY EXPECT TO ISSUE THE BONDS THIS SUMMER. THE EXPECTED RATE ON THE BONDS IS EQUAL TO A TRIPLE REMUNICIPAL MARKET DATA RATE FOR ONE YEAR. AND JUST FOR YOUR REFERENCE, RIGHT NOW THIS TRIPLE AMM DEAL RATE FOR ONE YEAR IS AROUND 0.4% OR 40 BASIS POINTS. AND OF COURSE, MARKET POSITIONS ON ROUTINE [INDISTINCT] TO ISSUE THE BONDS, BUT RIGHT NOW THE EXPECTATION IS THAT THE INTEREST RATES WILL REMAIN FAIRLY LOW FOR THE FORESEEABLE FUTURE. ARE THERE ANY ADDITIONAL QUESTIONS OR ANY QUESTIONS OR DISCUSSION ABOUT THE PROPOSED RESOLUTION? HEARING NO QUESTIONS, I WILL NOW CALL THE ROLL FOR VOTE. MR. SOUTHWELL, HOW DO YOU VOTE?

>> APPROVE.

>> MR. MURIN, WHAT IS YOUR VOTE?

>> APPROVE.

>> MS. LEE.

>> IN FAVOR.

>> MR. VON HOLLWIG.

>> I APPROVE.

>> MR. SHAW.

>> APPROVE.

>> AND I ALSO VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE RESOLUTION IS HEREBY APPROVED. MOVING ON, OUR NEXT AGENDA ITEM IS ANOTHER BOND AUTHORIZATION. THESE ARE SERIES—FISCAL 2020 SERIES TWO AND SERIES 3 BOND ANTICIPATION NOTES. THEY WILL BE ALSO ISSUED TO NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION. AND WITH THE COMMITTEE'S CONSENT, ACTUALLY, I WOULD LIKE TO INTRODUCE THESE TWO RESOLUTIONS TOGETHER BECAUSE THEY ARE INTERRELATED. THE AUTHORIZED NOT-TO-EXCEED AMOUNT IN EACH OF THE RESOLUTIONS IS FOR 25 MILLION. THE BONDS TOGETHER WILL PROVIDE PARTIAL FUNDING FOR ELECTRICAL UPGRADES PROJECT AT BOWERY BAY WASTEWATER RESOURCE RECOVERY AUTHORITY. THE BALANCE OF THE PROJECT FUNDING WILL COME FROM ABOUT 12 ½ MILLION GRANT THROUGH NEW YORK STATE WATER INFRASTRUCTURE IMPROVEMENT ACT, OR WIIA PROGRAM. THAT'S A FAIRLY NEW GRANT PROGRAM THAT'S ALSO ADMINISTERED BY NEW YORK STATE EFC. THE SERIES TWO BONDS ARE EXPECTED TO CARRY ZERO PERCENT INTEREST RATE AND AUTHORIZED AS SUCH. AND THE SERIES 3 BOND'S EXPECTED TO CARRY AN INTEREST RATE EQUAL TO AAA MUNICIPAL MARKET DATA, OR MMD RATE, FOR ONE YEAR JUST AS THE SERIES ONE BONDS WE DISCUSSED EARLIER. ARE THERE ANY QUESTIONS REGARDING THE PROPOSED RESOLUTIONS? HEARING NO QUESTIONS, I WILL NOW CALL ROLL FOR VOTE. MR. SOUTHWELL, WHAT IS YOUR VOTE?

>> APPROVED.

>> MR. MURIN.

>> APPROVED.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVE.

>> AND I ALSO VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE TWO RESOLUTIONS ARE HEREBY APPROVED. IS THERE ANY FURTHER BUSINESS BEFORE THIS COMMITTEE? IF THERE IS NO FURTHER BUSINESS, AND I'M HEARING NONE, I WILL ASK FOR A VOTE TO ADJOURN. MR. SOUTHWELL, HOW DO YOU VOTE?

>> APPROVED.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> IN FAVOR.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVE.

>> AND I, OLGA CHERNAT, ALSO VOTE IN FAVOR OF THE RESOLUTION TO ADJOURN. THANK YOU. THE FINANCE COMMITTEE IS NOW ADJOURNED. AND WE WILL NOW MOVE TO THE BOARD OF DIRECTORS MEETING.

ALL RIGHT. I'D LIKE TO CALL TO ORDER THE MEETING OF THE BOARD OF DIRECTORS OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY. AS WITH THE FINANCE COMMITTEE MEETING, I WOULD LIKE TO REMIND EVERYONE TO KEEP THEIR PHONES MUTED UNLESS SPEAKING. AND I WILL NOW ASK FOR THE ROLL TO BE CALLED FOR ATTENDANCE. DEBORAH.

>> MELANIE HARTZOG.

>> OLGA CHERNAT FOR MELANIE HARTZOG.

>> SELVIN SOUTHWELL.

>> PRESENT.

>> MAX VON HOLLWIG.

>> I'M HERE.

>> JACQUES JIHA.

>> ROBIN LEE FOR JACQUES JIHA.

>> VINCENT SAPIENZA.

>> JOE MURIN FOR VINCENT SAPIENZA.

>> MARC SHAW.

>> HERE.

>> THANK YOU. WE HAVE A QUORUM.

>> THANK YOU, DEBORAH. AS MANY OF YOU ARE AWARE, OUR CHIEF EXECUTIVE OFFICER ALAN ANDERS PASSED AWAY RECENTLY. ALAN'S COMMITMENT TO GOVERNMENT FINANCE WAS TRUE AND UNPARALLELED AND HIS LOSS WILL BE FELT NOT ONLY BY THE AUTHORITY AND THOSE OF US WHO CLOSELY WORKED WITH HIM, BUT, AND I WOULD SAY, THE PUBLIC FINANCE INDUSTRY IN GENERAL. HIS EXPERIENCE AND LEADERSHIP THAT WE ALL CAME TO TRUST AND RELY ON WILL BE DEEPLY MISSED. THE PROPOSED RESOLUTION RECOGNIZES ALAN'S COMMITMENT AND DEDICATION TO THE AUTHORITY AND EXPRESSES THE BOARD OF DIRECTORS AND THE AUTHORITY STAFF'S DEEP GRATITUDE FOR HIS DECADES OF SERVICE AND LEADERSHIP. I WOULD LIKE TO CALL THE ROLL FOR A VOTE REGARDING THE RESOLUTION RECOGNIZING ALAN ANDERS. MR. SOUTHWELL, HOW DO YOU VOTE?

>> APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> I'M PROUD TO APPROVE.

>> OH, WE'RE ALL SAD, VERY SAD. I ALSO VOTE IN FAVOR OF THE PROPOSED RESOLUTION. AND THE RESOLUTION IS HEREBY APPROVED. WE ALSO NEED TO ADOPT THE MEETINGS FROM—THE MINUTES OF THE PRIOR MEETING, WHICH ALSO HAPPENED ON MARCH 20. THE MINUTES HAVE BEEN CIRCULATED TO THE BOARD FOR REVIEW. ARE THERE ANY COMMENTS, QUESTIONS, SUGGESTED CORRECTIONS? ALL RIGHT, I WILL NOW CALL THE ROLL FOR VOTE. MR. SOUTHWELL, HOW DO YOU VOTE?

>> APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVED.

>> AND I ALSO VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE RESOLUTION IS HEREBY APPROVED. OUR NEXT BUSINESS ITEM FOR TODAY IS A RESOLUTION THAT WOULD AUTHORIZE THE AUTHORITY STAFF TO ENTER INTO A CONTRACT WITH GRANT THORNTON FOR INDEPENDENT AUDITOR SERVICES. WE ENTERED INTO A COMPETITIVE REQUEST FOR PROPOSAL IN CONJUNCTION WITH THE CITY'S PROCESS, AND GRANT THORNTON HAS BEEN SELECTED TO PROVIDE INDEPENDENT AUDITOR SERVICES FOR—THIS IS FOR FISCAL YEARS ENDING JUNE 30, 2020, 2021, 2022, AND 2023. THE PROPOSED RATES ARE LISTED IN THE RESOLUTION. THIS ACTION HAS BEEN RECOMMENDED BY THE JOINT AUDIT COMMITTEE OF THE AUTHORITY OF THE WATER BOARD AND RESULTS ARE CONTINGENT ON THE WATER BOARD'S APPROVAL. THE AUTHORITY'S COMPTROLLER BOB BALDUCCI AND HIS STAFF ARE AVAILABLE TO ANSWER ANY QUESTIONS REGARDING THIS ITEM. ARE THERE ANY QUESTIONS OR COMMENTS FOR BOB? HEARING NO QUESTIONS, LET ME CALL THE ROLL FOR VOTE. MR. SOUTHWELL.

>> APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVE.

>> AND I, OLGA CHERNAT, ALSO VOTE IN FAVOR OF THE PROPOSED RESOLUTION. THE RESOLUTION IS HEREBY ADOPTED. OK, AND NOW WE HAVE THE APPROVAL OF THE ISSUANCE OF FISCAL 2020 SERIES ONE BOND ANTICIPATION NOTES. AS WE'VE JUST DISCUSSED, THE PROPOSED RESOLUTION WOULD AUTHORIZE THE ISSUANCE OF UP TO 510 MILLION OF BOND ANTICIPATION NOTES TO THE NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION. THIS ACTION HAS BEEN RECOMMENDED BY THE FINANCE COMMITTEE. ARE THERE ANY ADDITIONAL COMMENTS, QUESTIONS, DISCUSSIONS? WITH NO QUESTIONS, I WILL ASK YOU TO VOTE. MR. SOUTHWELL.

>> APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> I APPROVE.

>> MR. SHAW.

>> APPROVE.

>> AND I ALSO APPROVE. THE RESOLUTION AUTHORIZING THE ISSUANCE OF THE SERIES ONE BONDS IS HEREBY APPROVED. MOVING ON TO THE APPROVAL OF THE ISSUANCE OF FISCAL 2020 SERIES TWO AND SERIES 3 BOND ANTICIPATION NOTES. AS DONE AT THE FINANCE COMMITTEE MEETING, WITH THE BOARD'S CONSENT, I WOULD LIKE TO ADDRESS FISCAL 2021 SERIES TWO AND SERIES 3 BOND ANTICIPATION NOTES RESOLUTIONS TOGETHER BECAUSE THE BONDS RELATE TO A SINGLE PROJECT. SO EACH OF THE PROPOSED RESOLUTIONS WOULD AUTHORIZE THE ISSUANCE OF 25 MILLION OF BOND ANTICIPATION NOTES TO NEW YORK STATE EFC. THE APPROVAL OF THESE TWO BOND RESOLUTIONS HAS BEEN RECOMMENDED BY THE FINANCE COMMITTEE. DO WE HAVE ANY ADDITIONAL QUESTIONS OR COMMENTS? IF THERE ARE NO QUESTIONS, I WILL NOW CALL THE ROLL FOR VOTE. MR. SOUTHWELL.

>> APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVE.

>> I ALSO VOTE IN FAVOR. THE TWO RESOLUTIONS AUTHORIZING THE ISSUANCE OF THE SERIES TWO AND SERIES 3 BOND ANTICIPATION NOTES ARE HEREBY APPROVED. OUR NEXT AGENDA ITEM IS A PRESENTATION BY MAX VON HOLLWIG,

CHAIR OF THE JOINT AUDIT COMMITTEE OF THE AUTHORITY AND THE WATER BOARD REGARDING THE COMMITTEE'S SELF EVALUATION. MR. VON HOLLWIG, LET ME TURN IT OVER TO YOU.

>> SURE. THE JOINT AUDIT COMMITTEE MET THIS MORNING AT 9:00, AND AMONG OTHER THINGS ON THE AGENDA, WE ARE REQUIRED ANNUALLY PURSUANT TO SECTION 3J OF THE AUDIT COMMITTEE'S CHARTER TO PREPARE AN ANNUAL REPORT AND ALSO TO REVIEW OUR ACTIONS THAT WERE TAKEN DURING THE YEAR. AND WE DID THAT THIS MORNING. OUR PROPOSED ANNUAL REPORT OF THE JOINT AUDIT COMMITTEE IS ATTACHED TO YOUR MATERIALS THAT WERE CIRCULATED. WE DID REVIEW OUR PERFORMANCE OF ACTIVITIES DURING THE YEAR AND CONCLUDED THAT WE WERE SATISFIED WITH THE PERFORMANCE OF THE JOINT AUDIT COMMITTEE, AND WE PRESENT THAT TO YOU IN OUR REPORT. AND WE ALSO INCLUDED A REPORT THAT DETAILS THE ACTIVITIES THAT WE TOOK DURING THE CALENDAR YEAR 2019, WHICH INCLUDED MEETINGS ON JUNE 14 AND ON OCTOBER 11. AND THAT REPORT IS, AS I SAID, IN YOUR PACKAGE OF MATERIALS. IF YOU HAVE ANY QUESTIONS ABOUT THAT, I'M HAPPY TO TRY TO ANSWER THEM. HEARING NONE, I GUESS THAT'S OUR REPORT.

>> IT DOES NOT SEEM LIKE WE CAN, YOU KNOW, HAVE A LIVELY DISCUSSION THE WAY YOU HAD AT THE AUDIT COMMITTEE THIS MORNING. I GUESS WE HAVE A MUCH DRIER AGENDA THAN WHAT YOU HAD.

>> WELL, WE WERE—HOLD ON JUST ONE SECOND. LET ME...SORRY. YES, THIS ITEM THAT WE'RE PRESENTING TO THIS BOARD TODAY WAS ONLY ONE OF THE ITEMS THAT WE APPROVED THIS MORNING. I WOULD SAY THE THRUST OF THAT MEETING INVOLVED OF OUR REVIEW OF THE NEW GRANT THORNTON AUDIT PROPOSAL AND OUR RECOMMENDATION TO BOTH THIS BOARD AND TO THE WATER BOARD THAT THEY APPROVE THE RETENTION OF THE NEW ACCOUNTANTS AS WELL, BUT THAT'S NOT TECHNICALLY THE SUBJECT OF THIS REPORT.

>> OK, I THINK WE ARE BASICALLY AT THE LAST AGENDA ITEM, WHICH IS ADJOURNMENT. SO IF THERE IS NO FURTHER BUSINESS BEFORE THE BOARD, I WILL ASK FOR A VOTE TO ADJOURN. IF ANYONE HAS ANYTHING THEY WANT TO DISCUSS AT TODAY'S MEETING. OK, HEARING NONE, MR. SOUTHWELL, HOW DO YOU VOTE?

>> ADJOURN. APPROVE.

>> MR. MURIN.

>> APPROVE.

>> MS. LEE.

>> APPROVED.

>> MR. VON HOLLWIG.

>> APPROVE.

>> MR. SHAW.

>> APPROVE.

>> OK, VERY GOOD. I ALSO VOTE IN FAVOR OF ADJOURNING. THANK YOU ALL FOR YOUR PARTICIPATION AND THE BOARD OF DIRECTORS MEETING IS NOW ADJOURNED.

>> THANK YOU.

>> THANK YOU.

>> BYE.

[INDISTINCT CHATTER, BEEPS]